AUTHORIZED RETAILER AGREEMENT [INTERIM]

THIS AUTHORIZED RETAILER AGREEMENT [INTERIM] ("Interim Agreement") shall be deemed to be effective as of June 1, 2007 (the "Effective Date"), between DIRECTV, Inc., a California corporation ("DIRECTV") and Circuit City Stores, Inc., a Virginia corporation ("Circuit City"), with reference to the following:

- A. DIRECTV operates a multi-channel video and entertainment service ("DIRECTV Service") through which consumers may receive video, audio, interactive, broadband and other related services using specialized digital satellite receiving equipment.
- B. Circuit City wishes to act as one of DIRECTV's authorized retailers in the United States (i) for the marketing, advertising, promotion and leasing of DIRECTV receivers, (ii) for the marketing, advertising and promotion of DIRECTV Service, and (iii) to solicit consumers to order certain DIRECTV programming packages and services which are identified in **Exhibit A** attached hereto, as the same may be amended from time to time ("DIRECTV Programming Packages").
- C. Circuit City also wishes to act as one of DIRECTV's commissioned customer referral contractors for the general marketing, advertising, and promotion of DIRECTV Service through brochures or other direct marketing materials made available by Circuit City under the terms hereof.
- D. Circuit City and DIRECTV intend to transition to a new order fulfillment process for DIRECTV Service and receivers on or around October 23, 2007, as generally described herein, and until such time as the new order fulfillment process is implemented, Circuit City and DIRECTV desire to set forth the terms of the authorized retailer relationship during the interim period as more particularly set forth herein.

NOW, THEREFORE, and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. **DEFINITIONS.** In addition to such other terms as are specifically defined herein, the following terms shall have the meanings ascribed to them below for purposes of this Interim Agreement:
- 1.1 "Affiliated Entity" shall mean a party's parents, subsidiaries, affiliates, related companies, dealers and franchisees.
- Package by an eligible residential household customer, as a result of (a) DIRECTV's receipt of an Order (as defined herein) for a DIRECTV Programming Package which is initially referred by Circuit City through its Retail Locations and delivered to DIRECTV in accordance with DIRECTV's Order procedures as set forth in Exhibit B; and (b) DIRECTV's acceptance of such Order as an Approved Activation, in accordance with its credit policies and other standard terms and conditions required by DIRECTV for new customer activations, as evidenced by the attachment of Circuit City's unique retailer number to the corresponding customer account. For purposes of this Agreement, "eligible residential household customer" shall mean a single-family residential customer who (i) is not currently a DIRECTV subscriber; (ii) has not been a DIRECTV subscriber during the past two (2) years or such other duration as established by DIRECTV from time to time in its usual course of business; (iii) if previously a DIRECTV subscriber, his/her account was closed in good standing as determined by

DIRECTV in its sole discretion in the usual course of its business (i.e., no balance remained on the account, etc.); and (iv) if previously a DIRECTV subscriber, such former customer has been identified by DIRECTV to be eligible for new Customer Offers in accordance with DIRECTV's usual course of business.

- 1.3 "Consumer Offer" shall mean consumer offers as established by DIRECTV from time to time as set forth in Schedule 1.3 attached hereto and made a part hereof, which Consumer Offer will generally include promotional offers for new and existing DIRECTV customers whereby customers will be able to lease DIRECTV Receivers from DIRECTV, bundled with standard professional installation therefor.
- 1.4 "<u>DIRECTV Receiver</u>" shall mean that certain specialized satellite receiving equipment (i.e., an integrated receiver/decoder, set-top box) necessary to receive DIRECTV Programming Packages and/or DIRECTV Service. For purposes of this Interim Agreement and by way of examples, DIRECTV Receiver shall include a stand-alone DIRECTV Receiver, DIRECTV DVR, DIRECTV HD Receiver, DIRECTV HD/DVR Receiver and other types of DIRECTV Receivers as identified by DIRECTV from time to time.
- 1.5 "<u>DIRECTV System</u>" shall mean the DIRECTV Receiver(s), a receiver dish, if any, and a remote control therefor, necessary to receive DIRECTV Programming Packages and/or DIRECTV Service.
- 1.6 "Programming Commissions" shall mean commissions payable to Circuit City in consideration of Circuit City's services in marketing the Consumer Offers and DIRECTV Programming Packages and procuring Orders as more particularly described in Sections 7, 8, 9 and 10 of this Interim Agreement.
- 1.7 "Qualifying Subscriber" shall mean a residential household located within the United States from whom Circuit City procures or refers an activation for a Subscription (as hereinafter defined).
- 1.8 "Retail Locations" shall mean Circuit City's retail store locations within the Territory or such other locations from which Circuit City establishes an Order.
- 1.9 "Subscription" shall mean the receipt of DIRECTV Service by a residential customer with at least one DIRECTV Programming Package and activation of a DIRECTV Receiver.
 - 1.10 "Territory" shall mean the United States.

2. APPOINTMENT OF CIRCUIT CITY.

2.1 AUTHORIZED RETAILER.

(a) DIRECTV hereby engages Circuit City as a contractor (i) to market, promote and advertise the leasing of DIRECTV Receivers and (ii) to market, promote and advertise the sale of DIRECTV Programming Packages ("Subscriptions"), by extending the "Consumer Offers" on behalf of DIRECTV through marketing tactics, channels and methods as agreed to by the parties on the terms and conditions contained herein.

- (b) Circuit City may (i) market, promote and advertise the leasing of DIRECTV Receivers; and (ii) market, promote, advertise and solicit the sale of Subscriptions, only from single family residential households in the Territory.
- (c) Circuit City may market, promote and solicit Subscriptions only for the DIRECTV Programming Packages identified in **Exhibit A** attached hereto, and not any other programming packages or services DIRECTV may offer.
- (d) DIRECTV may amend the list of DIRECTV Programming Packages from time to time on written notice to Circuit City. As provided in Section 5.2 hereof, DIRECTV shall use commercially reasonable efforts to provide Circuit City with written notice at least forty-five (45) days' prior to the effective date of the change, but not less than thirty (30) days' prior written notice, unless such change is beyond the control of DIRECTV.
- (e) Circuit City hereby accepts such engagement and shall use its best commercial efforts (i) to market, promote and advertise the leasing of DIRECTV Receivers; (ii) to market, promote, advertise and solicit sales of Subscriptions; and (iii) to promote and enhance DIRECTV's business, reputation and goodwill in accordance with the terms of this Interim Agreement.
- 2.2 CUSTOMER REFERRAL CONTRACTOR. In addition to DIRECTV's appointment of Circuit City as an authorized retailer, DIRECTV also hereby engages Circuit City as a customer referral contractor for the general marketing, advertising, and promotion of DIRECTV Service from Circuit City marketing channels, pursuant to which Circuit City shall refer prospective customer to DIRECTV, and thereafter, DIRECTV shall transact orders directly with such referred prospective customer (collectively, the "Referral Customers"). The content and distribution channels for such marketing materials shall be as agreed upon on a case-by-case basis by DIRECTV and Circuit City. DIRECTV shall provide Circuit City with a code or codes which shall be used by customers when contacting DIRECTV directly so that DIRECTV may identify them as referrals made through the Circuit City referral channels. DIRECTV shall compensate Circuit City for such Referral Customers as provided in Section 10 hereof.
- 2.3 NO EXCLUSIVITY REQUIRED OF DIRECTV. DIRECTV may itself extend the Consumer Offers and solicit Subscriptions from consumers, either directly, indirectly, or in conjunction with any third party, and may authorize parties other than Circuit City to act as its authorized retailers or dealers to extend the Consumer Offers and to solicit Subscriptions, for any compensation and upon any other terms as DIRECTV may determine in its discretion. Such compensation and terms may differ from those provided to Circuit City in this Interim Agreement. Circuit City acknowledges that DIRECTV and such other parties may compete with Circuit City in the solicitation of the Consumer Offers and Subscriptions.

2.4 LIMITED EXCLUSIVITY REQUIRED OF CIRCUIT CITY.

(a) The parties agree and acknowledge that DIRECTV will, throughout the term of this Interim Agreement, provide substantial support to Circuit City for its efforts (i) in marketing, advertising, promoting and soliciting the Consumer Offers, (ii) in the leasing of DIRECTV Receivers and (iii) in the solicitation of the sale of DIRECTV Service; and Circuit City will have access to certain of DIRECTV's confidential information regarding DIRECTV's business. Accordingly, Circuit City agrees that it will not directly or indirectly, promote, advertise, market, offer, sell, lease or solicit sales during the term of this Interim Agreement of any satellite television programming packages or equipment which compete with the DIRECTV Service in the Territory (the "Exclusive Obligation"). The Exclusive

Obligation described herein shall not affect Circuit City's activities outside of the Territory. The parties agree and acknowledge that the Exclusive Obligation described herein is a material term of this Interim Agreement. Accordingly, in addition to any other rights DIRECTV may have, DIRECTV shall have the right to terminate this Interim Agreement immediately for Circuit City's material breach of this subsection (which shall be deemed incurable), as provided in Section 21.2(a) hereof.

(b) Circuit City shall not, directly or indirectly, produce, place, display or use any advertising or marketing material, conduct any sales associate training or engage in any activities designed to switch or "flip" any DIRECTV subscribers to another audio/video multi-channel entertainment service; provided, however, that the foregoing shall not prohibit Circuit City from general product and service offerings permitted under subsection (a) hereinabove so long as such offerings do not include switch-out or similar offers.

3. CIRCUIT CITY'S GENERAL OBLIGATIONS.

- 3.1 RETAIL DISPLAYS. In the video area/department at each of its Retail Locations, Circuit City shall (i) display point of sale materials provided or as mutually approved by DIRECTV and Circuit City, and (ii) provide demonstrations of the DIRECTV System which provides a live feed of DIRECTV programming on a monitor of not less than seventeen inches (17"), unless otherwise mutually agreed in writing by DIRECTV and Circuit City. Circuit City shall keep such DIRECTV System turned on and tuned to such channels as the parties mutually agree best represent DIRECTV programming content during normal business hours; provided, however, Circuit City shall not be required to provide a live feed of DIRECTV programming where such a live feed is not available or where the cost of such live feed makes it economically unfeasible to provide such live feed. Upon termination or expiration of this Interim Agreement or in the event that Circuit City decides to remove any DIRECTV-funded displays from the floor, Circuit City shall either return or destroy, at DIRECTV's written request delivered within thirty (30) days of such termination or expiration and at DIRECTV's expense, any DIRECTV-related displays, display units or display materials.
- 3.2 TRAINING. DIRECTV shall provide training for Circuit City's internal training personnel, and training materials relating thereto, as DIRECTV reasonably deems necessary. Circuit City shall train its own employees to the reasonable satisfaction of DIRECTV. DIRECTV may request that Circuit City's employees attend supplementary training classes from time to time provided that such classes be arranged to minimally interfere with the work schedule of Circuit City's employees. DIRECTV shall coordinate any such training through Circuit City. The cost and related expenses of any training requested by DIRECTV and agreed to by Circuit City in its sole discretion under this subsection shall be as mutually agreed by the parties at the time the training is scheduled.

3,3 SALES PERSONNEL.

- (a) Circuit City may allow its employees (a) to market, promote, advertise and solicit leasing of the DIRECTV Receivers or (b) to market, promote and advertise the Consumer Offers and to solicit, take or deliver to DIRECTV any Orders for DIRECTV Programming Packages.
- (b) Circuit City may not allow any third party independent contractors, subagents or other parties to market, promote and advertise the Consumer Offers or to solicit, take or deliver any Orders for DIRECTV Programming Packages under this Interim Agreement except with DIRECTV's prior written consent, which may not be unreasonably withheld or delayed. In the event DIRECTV provides consent of use of any third party sales personnel in accordance with this Section 3.3(b) ("Consented Sales Personnel"), in addition to any other additional terms and conditions required by

DIRECTV, Circuit City understands that (i) Circuit City shall ensure that such Consented Sales Personnel comply with any and all applicable provisions of this Interim Agreement; (ii) Circuit City shall properly train any such Consented Sales Personnel or ensure that the Consented Sales Personnel is properly trained; (iii) Circuit City shall be solely responsible for any action or omissions on the part of Consented Sales Personnel; (iv) Circuit City shall indemnify and hold DIRECTV harmless from any acts or omissions of such Consented Sales Personnel; (v) DIRECTV shall have the reasonable right to revoke or rescind its consent of one or more of Consented Sales Personnel at any time and Circuit City shall be required to remove the terminated Consented Sales Personnel from services relating to DIRECTV hereunder within ten (10) calendar days of receipt of notice by DIRECTV; and (vi) DIRECTV reserves the right to terminate this Agreement for a breach of any applicable provision of this Agreement by any Consented Sales Personnel and such Consented Sales Personnel has not been removed or terminated in accordance herewith.

- Circuit City shall promote and ADVERTISING AND MARKETING. 3.4 advertise the Consumer Offers, DIRECTV and the DIRECTV Service, at its sole cost, except as otherwise expressly provided herein. Circuit City shall not affix, attach, impose or otherwise place any additional conditions or restrictions for the Consumer Offers to Circuit City's customers, except as agreed to by DIRECTV in writing. All advertising materials using DIRECTV's Marks (as hereinafter defined) shall be subject to DIRECTV's prior approval, in accordance with the "Approval Process" described in Schedule 3.4 attached hereto and made a part hereof. No approval shall limit Circuit City's obligation to comply with applicable law or be deemed an endorsement by DIRECTV of any advertising content except to the extent that such advertising content replicates terms and conditions for Consumer Offers as dictated and reviewed for accuracy by DIRECTV. DIRECTV shall have the right to terminate this Interim Agreement immediately upon written notice to Circuit City for a material breach of this subsection by Circuit City (which shall be deemed incurable), as provided in Section 21.2(a) hereof except to the extent Circuit City's breach was caused by DIRECTV's failure to provide timely notice in accordance with Section 5.2.
- 3.5 STANDARD POLICIES. Circuit City shall comply with the standard policies and procedures DIRECTV may promulgate for its authorized independent retailers in written notices, guidelines, and bulletins, including, without limitation, the credit approval/checking policy as outlined in Schedule 3.5(i) attached hereto and made a part hereof (the "Credit Policy") and the telemarketing policy as outlined in Schedule 3.5(ii) attached hereto and made a part hereof (the "Telemarketing Policy"), as they may be amended from time to time (collectively "Policies"). The Policies shall be an integral part of this Interim Agreement but may not impair any of Circuit City's rights granted herein and shall not contravene or violate any applicable laws. Circuit City may terminate this Interim Agreement immediately upon written notice to DIRECTV if any changes to DIRECTV's Policies materially and adversely affects Circuit City's ability to market the Consumer Offers (including the DIRECTV Service and DIRECTV Programming Packages) in Circuit City's reasonable discretion, as provided in Section 21.2(b) hereof.
- 3.6 STANDARD OF CONDUCT. In all of its activities hereunder as a contractor for DIRECTV, Circuit City shall conduct itself in a commercially reputable and ethical manner, shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, and shall engage in no deceptive sales practice or other practice which impugns DIRECTV's commercial reputation and goodwill.
- 3.7 NO TYING. In no event may Circuit City condition the sale of a DIRECTV Programming Package or the transaction involving the Consumer Offers upon the customer's acquisition of any other product or service, except as approved by DIRECTV in writing. Notwithstanding the

foregoing, DIRECTV acknowledges and agrees that Circuit City may market DIRECTV Programming Packages and Consumer Offers in a bundle with televisions or other products offered by Circuit City; provided that (i) Circuit City also offers the sale of a DIRECTV Programming Package or Consumer Offer separate from a product bundle, and (ii) Circuit City shall obtain DIRECTV's prior approval to all marketing of bundles, which shall not be unreasonably withheld or delayed.

- 3.8 CUSTOMER SOLICITATION. Circuit City shall not, solicit, induce or otherwise cause an active DIRECTV subscriber to disconnect his/her service and/or reconnect/reactivate his/her service through a DIRECTV Receiver leased through the Consumer Offers extended by Circuit City for the purpose of improperly earning the Programming Commission, provided however that no general solicitation containing a general offer to acquire the multi-channel audio/video entertainment programming services of DIRECTV shall be deemed a solicitation, inducement or other cause for a DIRECTV service disconnection.
- otherwise misrepresent customers in connection with the terms and conditions of the Consumer Offers, the DIRECTV Service, or the DIRECTV Programming Packages. If Circuit City misrepresents or fails to fully disclose any material terms of the Consumer Offers or the DIRECTV Programming Packages to any customer, it shall reimburse DIRECTV any amount which DIRECTV is compelled, or in its reasonable judgment according to its standard business practices decides, to pay or credit the customer in compensation for such misrepresentation. Notwithstanding the foregoing, DIRECTV shall have no right of reimbursement hereunder if the claim for any such misrepresentation originates in any advertisement that is provided or approved by DIRECTV or results from changes made by DIRECTV of which Circuit City does not receive notice sufficient to implement the changes pursuant to Section 5.2 of this Interim Agreement.
- 4. **DIRECTV'S GENERAL OBLIGATIONS.** In all of its activities hereunder, DIRECTV shall conduct itself in a commercially reputable and ethical manner and shall not engage in any practice which impugns Circuit City's commercial reputation and goodwill. In addition, DIRECTV hereby represents and warrants that the terms of the Consumer Offers, the DIRECTV Service, the DIRECTV Programming Packages, and all advertising and marketing materials, disclaimers, and customer contracts or agreements relating thereto comply with all applicable federal, state and local laws, rules, regulations and ordinances.

5. CONSUMER OFFERS.

market, advertise, promote and offer such Consumer Offers as are designated by DIRECTV from time to time. The Consumer Offers will generally include promotional offers for new and existing DIRECTV customers whereby customers will be able to lease DIRECTV Receivers from DIRECTV under the terms and conditions of the Consumer Offers and the Equipment Lease Addendum. The Consumer Offers for new DIRECTV customers will require the prospective customer (a) to satisfy and meet the Credit Policy or such other terms and conditions reasonably promulgated by DIRECTV from time to time and (b) to make a programming commitment to a qualifying DIRECTV Programming Package. The Consumer Offers for new DIRECTV customers will also contain bundled offers for standard professional installation at no charge to the customer. Circuit City shall provide or disclose any information, terms and conditions regarding the Consumer Offers (including the Equipment Lease Addendum and the Credit Policy requirements) as reasonably directed and/or required by DIRECTV. DIRECTV may determine the content, pricing, terms, and conditions of the Consumer Offers and the DIRECTV Programming Packages in its discretion. Circuit City shall not represent that the Consumer Offers or DIRECTV Programming Packages may be

obtained on any different terms or rates, shall not impose additional or different terms and shall not offer customers any discount, rebate, or other material benefits in consideration for subscribing to them, except as expressly authorized by DIRECTV in writing.

CHANGES. DIRECTV may change, amend or discontinue the content, pricing, 5.2 terms, conditions, and availability of the Consumer Offers or the DIRECTV Programming Packages from time to time in its discretion. DIRECTV shall use commercially reasonable efforts to provide Circuit City with written notice at least forty-five (45) days' prior to the effective date of such changes, but not less than thirty (30) days' prior written notice, unless such change is beyond the control of DIRECTV. Upon receipt of such notice, Circuit City shall use best efforts to make changes to pending advertisements, replace point of sale materials, and/or make system changes as necessary to reflect the DIRECTV changes to the Consumer Offers or DIRECTV Programming Packages. In the event that Circuit City does not receive such advance notice, or if Circuit City is unable to reasonably implement such changes within the time period required by DIRECTV after receiving such advance notice, Circuit City's failure to make the changes shall not constitute an event of default or other breach hereunder provided that Circuit City is making reasonable progress toward implementation of such necessary changes. Circuit City may terminate this Interim Agreement immediately with written notice if any changes to the Consumer Offers and/or DIRECTV Programming Packages materially and adversely affect Circuit City's ability to market the Consumer Offers (including the DIRECTV Service and DIRECTV Programming Packages) or to offer DIRECTV Receivers for lease to its customers, in Circuit City's reasonable discretion.

5.3 ORDER PROCEDURES; DIRECTV PROGRAMMING PACKAGES.

- (a) For eligible residential household customers only, Circuit City shall comply with the procedures set forth in <u>Exhibit B</u> attached hereto, as the same may be amended by DIRECTV from time to time upon at least thirty (30) days' written notice, regarding the receipt and delivery of orders for Consumer Offers and DIRECTV Programming Packages in Circuit City's Retail Locations ("<u>Orders</u>").
- (b) The parties shall cooperate in good faith to enable Circuit City to transition to a process by which Circuit City will submit Orders to DIRECTV through Circuit City's Retail Locations, and thereafter, DIRECTV will fulfill the DIRECTV Receivers for lease and perform, or caused to be performed, the installation of the DIRECTV Receivers, except as otherwise agreed by the parties from time to time (the "New Fulfillment Model"). The parties will endeavor to implement and transition to the New Fulfillment Model, and such transition shall occur as of October 23, 2007, or if later, as soon as possible after implementation of an online order platform as mutually agreed by the parties (the "New Fulfillment Model Implementation Date").
- (c) The Consumer Offers for new DIRECTV customers through Circuit City's Retail Locations will require the prospective customer (i) to satisfy and meet the Credit Policy or such other terms and conditions reasonably promulgated by DIRECTV from time to time and (ii) to make a programming commitment to a qualifying DIRECTV Programming Package. For those prospective customers who do not meet the requirements under the Credit Policy, DIRECTV may permit Circuit City to make available the DIRECTV Programming Package under terms and conditions which may differ from those meeting the requirements (i.e. "Differentiated Offers", as set forth in the Credit Policy), or in the alternative the DIRECTV Programming Package may not be made available. In any event, all Orders for new DIRECTV customers shall be subject to acceptance or rejection by DIRECTV in its reasonable discretion. Circuit City may terminate this Interim Agreement upon thirty (30) days prior written notice if any changes to DIRECTV's Order procedures materially and adversely affect Circuit City's ability to

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market the Consumer Offers (including the DIRECTV Service and DIRECTV Programming Packages) in Circuit City's reasonable discretion.

- 5.4 ORDER PROCEDURES; COLLECTION AND ADMINISTRATION OF EQUIPMENT LEASE ADDENDUM. In furtherance of the Consumer Offers through Circuit City's Retail Locations, Circuit City shall perform the following Order procedures (i) for each prospective new DIRECTV customer (i.e. Qualifying Subscriber) in addition to the Order Procedures set forth in Section 5.3 above; and (ii) for existing DIRECTV customers who desire to lease additional DIRECTV Receivers as part of a current Subscription:
- (a) Explain the general terms and conditions of the Equipment Lease Addendum required by DIRECTV as a condition to the lease of one or more DIRECTV Receivers, as described in <u>Schedule 5.4</u> attached hereto and in other materials provided by DIRECTV from time to time;
- (b) Provide a reference to the Equipment Lease Addendum on the customer's point-of-sale receipt as soon as practicable after the Effective Date of this Interim Agreement;
- (c) Cause the customer to acknowledge the Equipment Lease Addendum, which acknowledgement shall be forwarded to DIRECTV;
- (d) Verify and validate to the extent reasonably possible the accuracy of the information provided by the customer in the Equipment Lease Addendum; and
- (e) Follow the mutually agreed procedure (through an online platform as reasonably agreed by DIRECTV) with respect to the completion of the Equipment Lease Addendum.

Circuit City shall not (i) mislead, deceive or otherwise misrepresent customers in connection with the terms and conditions of the Equipment Lease Addendum; (ii) force or coerce customers into executing the Equipment Lease Addendum; (iii) falsify any information contained in the Equipment Lease Addendum; or (iv) falsely claim that a customer has executed or agreed to the Equipment Lease Addendum.

- 5.5 NO FINANCING OR COLLECTION OF SUBSCRIPTION FEES. Circuit City shall not provide financing for the Consumer Offers, the DIRECTV Service, the DIRECTV Programming Package Subscriptions or collect Subscription fees from DIRECTV subscribers, subject to provision for collection and remittance of any fees as required under the Credit Policy or as otherwise approved by DIRECTV in writing from time to time or other amounts as provided under the Consumer Offers. Except as provided above or as otherwise approved in writing by DIRECTV, all Subscription fees shall be billed directly by DIRECTV. Notwithstanding the foregoing, DIRECTV acknowledges and agrees that Circuit City may provide financing, as reasonably approved in advance by DIRECTV, for televisions or other consumer electronics products marketed and sold as a bundle with the Consumer Offers, the DIRECTV Service, and the DIRECTV Programming Package Subscriptions. DIRECTV shall be responsible for collecting any sales, use or other taxes imposed on the DIRECTV subscriber in connection with the Subscription fees billed directly by DIRECTV. Circuit City's failure to comply with the provisions of this Section 5.5 shall be deemed a material breach by Circuit City that is incurable, and shall entitle DIRECTV to immediately terminate this Interim Agreement as set forth in Section 21.2(a).
- 5.6 COLLECTION OF AMOUNTS RELATING TO THE CONSUMER OFFERS. Upon a customer's approval and acceptance of the Consumer Offer, and subsequent

acknowledgement of an Equipment Lease Addendum for one or more DIRECTV Receivers under an Order through Circuit City's Retail Locations, Circuit City shall (i) collect the amount required, if any, under the applicable Consumer Offer from a customer at point of sale (whether a Qualifying Subscriber or an existing DIRECTV subscriber) (in which case, any amounts which shall have been collected by Circuit City shall be deducted from Programming Commission); or (ii) enable DIRECTV to collect such amounts through process and procedures as agreed to by the parties. Notwithstanding the above, DIRECTV specifically acknowledges that (x) Circuit City shall not collect sales/use tax on lease payments made by a Qualifying Subscriber monthly under the term of the Equipment Lease Addendum; and (y) Circuit City shall not collect sales/use tax on an accelerated basis at the time of execution of the Equipment Lease Addendum (as may be required by certain states) for lease payments due by a Qualifying Subscriber. DIRECTV acknowledges that such sales/use tax amounts are the responsibility of DIRECTV, and DIRECTV shall hold Circuit City harmless from all taxes, penalties and interest that may subsequently be assessed or claimed against Circuit City in connection with such sale/use tax amounts under this Interim Agreement. DIRECTV acknowledges and agrees that Circuit City makes no representation, warranty or covenant as to the accuracy of its method of calculating this sales/use tax liability. Notwithstanding the above, Circuit City shall assess and collect tax due on lease upgrade fees at the point-of-sale in the same manner collected on tangible personal property, per direction hereunder from DIRECTV to Circuit City. Circuit City acknowledges that collection and remittance of such tax amounts to the appropriate governmental agencies are the responsibility of Circuit City. Circuit City shall hold DIRECTV harmless from all taxes, penalties and interest that may subsequently be assessed or claimed against DIRECTV under this Interim Agreement relating to Circuit City's failure to collect and remit tax for lease upgrade fees.

- 5.7 SUBSCRIPTION REPORTING REQUIREMENTS. For each Qualifying Subscriber referred or procured hereunder for Orders submitted as set forth in Section 5.3, Circuit City shall provide DIRECTV with the reports more particularly set forth in **Exhibit C**. The parties understand that Circuit City must rely upon its customers to provide accurate and complete information. The parties agree that Circuit City shall not be responsible for inaccuracies resulting from incorrect, incomplete or erroneous information provided by its customers. Notwithstanding the forgoing, Circuit City shall take commercially reasonable actions to prevent fraud and inaccurate reporting by personnel. In exercising rights or performing duties under this Section 5.7, the parties shall operate in good faith and deal fairly with each other.
- 5.8 NO PROSPECTIVE SUBSCRIBER SWITCHING. DIRECTV agrees that it shall not solicit any prospective new DIRECTV customer who was acquired through Circuit City under this Interim Agreement by means which exclusively target and induce such prospective customer to cancel his/her DIRECTV Receiver/Service order with Circuit City and contemporaneously place an order with another person or entity in an effort to deny Circuit City from potentially earning Programming Commission under this Interim Agreement. Circuit City shall have the right to terminate this Interim Agreement immediately upon material breach of this Section 5.8 by DIRECTV.

6. **DIRECTY RECEIVERS.**

products identified in <u>Schedule 6.1</u> hereto which may be leased to Qualifying Subscribers as part of a Consumer Offer. The list of eligible DIRECTV Receivers may be amended from time to time by DIRECTV without the necessity of amending <u>Schedule 6.1</u>, provided that DIRECTV gives Circuit City at least ninety (90) days' prior written notice. Subject to this Section 6.1 and <u>Schedule 6.1</u>, DIRECTV will sell the DIRECTV Receiver products to Circuit City under the terms and conditions of a Master Dealer Agreement and Product Addendum between the parties dated as of May 20, 2005 (the "Hardware

Purchase Agreement"), for use in connection with the Consumer Offers. Circuit City is authorized to use such purchased DIRECTV Receivers as upgrade units available for lease and "carry-out" from Retail Locations by existing DIRECTV Subscribers. Circuit City shall purchase the DIRECTV Receiver products from DIRECTV at the prices set forth in Schedule 6.1 (the "Receiver Cost"). DIRECTV will provide Circuit City with at least thirty (30) days' prior written notice of any changes to the Receiver Cost. Circuit City may terminate this Interim Agreement upon thirty (30) days prior written notice if any changes to the Receiver Costs materially and adversely affect Circuit City's ability to market the Consumer Offers (including the DIRECTV Service and DIRECTV Programming Packages) in Circuit City's reasonable discretion. For any DIRECTV Receiver models deleted from the eligible list on Schedule 6.1, DIRECTV agrees to work with Circuit City to develop a plan to sell-through any of such models remaining in Circuit City inventory. The foregoing shall not, however, affect the provisions of Section 6.5 herein and the Hardware Purchase Agreement upon termination or expiration of this Interim Agreement.

- DIRECTV RECEIVER LEASE TO CUSTOMERS VIA CIRCUIT CITY 6.2 INSTALLS. For DIRECTV Receivers leased to DIRECTV Subscribers based on the acceptance of the Consumer Offer and pursuant to DIRECTV's lease transaction described in the Equipment Lease Addendum executed by the subscriber at the Retail Location and subsequently installed by Circuit City at the DIRECTV Subscribers' residence, Circuit City shall transfer the title to the leased DIRECTV Receivers installed by Circuit City to DIRECTV at the time of installation and activation of DIRECTV Programming Package at the Subscribers' residence. Circuit City shall not be provided any further consideration above the Programming Commissions and Installation Incentives afforded to Circuit City hereunder and the lease upgrade fee collected by Circuit City from the customer, if any. The risk of loss of the Leased Equipment shall pass to DIRECTV upon transfer of the title thereto as described herein. Circuit City shall pass on and deliver to DIRECTV all applicable manufacturers' warranties and user and title documents, and shall attach such proprietary notices to and otherwise prepare the DIRECTV Receivers for lease, as DIRECTV may reasonably prescribe. DIRECTV shall bear the cost of any materials required for such preparation. In the event a Circuit City customer returns one or more DIRECTV Receivers prior to activation with DIRECTV, Circuit City shall refund the customer in accordance with Section 6.4 below.
- DIRECTV Receivers available for lease and "carry-out" from Retail Locations, Circuit City shall make such DIRECTV Receivers for lease to existing DIRECTV Subscribers pursuant to DIRECTV's lease transaction described in the Equipment Lease Addendum executed by the subscriber at the Retail Location. In furtherance of such lease transaction, Circuit City shall transfer the title to the leased DIRECTV Receivers provided by it to DIRECTV. Circuit City shall not be provided any further consideration above the commissions afforded to Circuit City hereunder and the lease upgrade fee collected by Circuit City from the customer, if any. The risk of loss of the Leased Equipment shall pass to DIRECTV upon transfer of the title thereto as described herein. Circuit City shall pass on and deliver to DIRECTV all applicable manufacturers' warranties and user and title documents, and shall attach such proprietary notices to and otherwise prepare the DIRECTV Receivers for lease, as DIRECTV may reasonably prescribe. DIRECTV shall bear the cost of any materials required for such preparation. In the event a Circuit City customer returns one or more DIRECTV Receivers prior to activation with DIRECTV, Circuit City shall refund the customer in accordance with Section 6.4 below.
- 6.4 RETURNS OF DIRECTV RECEIVERS. In the event of a cancelled Order, subject to return and acceptance of the leased DIRECTV Receiver (i) Circuit City shall refund to customer any amounts collected by Circuit City from a customer in connection with the Consumer Offers; and (ii) DIRECTV shall transfer the title, to the extent that such title had been transferred to DIRECTV, to the leased DIRECTV Receivers returned by a customer to Circuit City. The risk of loss of the leased

DIRECTV Receivers returned to Circuit City in connection with a cancelled Order shall pass to Circuit City upon transfer of the title back to Circuit City as described herein. In the event of a customer's return of a "lease and carry out" DIRECTV Receiver from a Retail Location, (if activated, subject to DIRECTV's return and acceptance of the leased DIRECTV Receiver after activation of the leased DIRECTV Receiver) (i) Circuit City shall refund to customer any amounts collected by Circuit City from a customer in connection with the Consumer Offers; and (ii) DIRECTV shall transfer the title, to the extent that such title had been transferred to DIRECTV, to the leased DIRECTV Receiver returned by a customer to Circuit City.

- termination or expiration of this Interim Agreement for any reason whatsoever, at Circuit City shall have the right to return all unused DIRECTV Receivers, dishes and other DIRECTV-related equipment purchased by Circuit City from DIRECTV under the terms of the Hardware Purchase Agreement in its inventory as of the date of such termination or expiration, and DIRECTV shall purchase all such inventory at the same price Circuit City paid for such products as set forth under the terms of the Hardware Purchase Agreement. Circuit City shall use commercially reasonable efforts to return all such products for repurchase by DIRECTV within one hundred twenty (120) days after termination or expiration of this Interim Agreement. DIRECTV shall pay all shipping costs to return such inventory and pay Circuit City by check within forty-five (45) days of receipt of goods, regardless of any offset rights hereunder relating to Programming Commissions.
- 7. CIRCUIT CITY PROGRAMMING COMMISSIONS (FOR APPROVED ACTIVATIONS THROUGH RETAIL LOCATIONS). During the term of this Interim Agreement (i.e. prior to the New Fulfillment Model Implementation Date), subject to the terms and conditions set forth herein, in consideration of Circuit City's services in marketing the Consumer Offers and DIRECTV Programming Packages and procuring Orders as described herein for DIRECTV Programming Packages through its Retail Locations, Circuit City shall receive Programming Commissions as described in this Section 7. Programming Commissions shall only be payable to Circuit City in connection with (i) those Approved Activations for which the Equipment Lease Addendum from the customer has been obtained, (ii) those customers who have activated a DIRECTV Programming Package listed in Exhibit A and (iii) those Orders for which Circuit City has materially followed DIRECTV's Order procedures as set forth on Exhibit B.
- 7.1 APPROVED ACTIVATIONS THROUGH RETAIL LOCATIONS.

 DIRECTV shall pay Circuit City Programming Commissions for Approved Activations procured through its Retail Locations in the amounts set forth in this Section 7.1:
- (a) Approved Activation of one-room DIRECTV System by a Qualifying Subscriber One Hundred Fifty-Seven and No/100 Dollars (\$157.00).
- (b) Approved Activation of two-room DIRECTV Systems (i.e., two DIRECTV Receivers) by a Qualifying Subscriber Two Hundred Fifteen (\$215.00).
- (c) Approved Activation of three-room DIRECTV Systems (i.e., three DIRECTV Receivers) by a Qualifying Subscriber Two Hundred Eighty and No/100 Dollars (\$280.00).
- (d) Approved Activation of four-room DIRECTV Systems or more (i.e., four or more DIRECTV Receivers) by a Qualifying Subscriber Three Hundred Twenty-Five and No/100 Dollars (\$325.00).

Subject to the terms and conditions set forth herein, the parties hereby agree and acknowledge that no Programming Commissions or other amounts shall be payable to Circuit City in connection with an existing DIRECTV Subscriber referred by Circuit City who activates a DIRECTV Programming Package.

- to properly follow DIRECTV's Order procedures (as set forth on Exhibit B) can prevent any such Orders from being deemed an Approved Activation for purposes of earning Programming Commissions or any other amounts herein, if any. DIRECTV's reasonable determination of whether Circuit City has materially failed to follow DIRECTV's Order procedures shall be determinative. Notwithstanding anything to the contrary herein, DIRECTV shall not be required to pay any Programming Commission pursuant to this Section 7 relating to (i) any Subscription canceled prior to the commencement of service; (ii) Orders made by a Subscriber to Circuit City prior to the Effective Date of this Interim Agreement; (iii) Orders for DIRECTV Programming Packages delivered to DIRECTV after termination of this Interim Agreement; or (iv) any Orders for which Circuit City failed to comply with the terms of this Interim Agreement. DIRECTV shall not be required to pay any Programming Commissions or other amounts on account of payments received by DIRECTV from Subscribers after the termination of this Agreement, except as otherwise expressly provided in Section 22 of this Interim Agreement.
- 7.3 **PAYMENT TERMS.** Subject to the terms of this Interim Agreement, DIRECTV shall pay Circuit City the Programming Commission for Approved Activations by Qualifying Subscribers procured through its Retail Locations within twenty (20) business days after the end of each calendar month in which the Approved Activation occurs.

7.4 DIRECTV CHARGEBACKS.

- (a) All Programming Commission paid to Circuit City in connection with Approved Activations of DIRECTV Programming Packages to Qualifying Subscribers procured through Circuit City Retail Locations during the term of this Interim Agreement (i.e. prior to the New Fulfillment Model Implementation Date), shall be subject to a prorated chargeback as described below in the event that the Qualifying Subscriber disconnects, cancels or terminates all or a portion of his/her DIRECTV Programming Subscription in fewer than twelve (12) months from the date of initial activation of the applicable DIRECTV Receiver (i.e., a deactivation).
- (b) DIRECTV shall charge Circuit City back (or deduct from any other amounts payable or credited to Circuit City) a portion of the Programming Commission previously paid, prorated to reflect the portion of the twelve (12) month period for which the DIRECTV Programming Subscription was not paid by the Qualifying Subscriber procured by Circuit City through its Retail Locations.
- (c) Further, the parties agree and acknowledge that DIRECTV provides additional benefit to Circuit City for acquisition of a Subscriber. In the event of a disconnection, cancellation or termination by a Subscriber, the damages and losses DIRECTV will likely suffer may be difficult to measure. Accordingly, notwithstanding the amount of Programming Commission paid in connection with a given DIRECTV Receiver for a Subscriber, Circuit City shall be subject to an additional pro-rated chargeback in the amount up to Sixty and No/100 Dollars (\$60.00) per DIRECTV Receiver disconnected by a given disconnected/terminated/cancelled Subscriber as liquidated damages during the initial twelve month period from the date of activation (the "Additional Chargeback Base"). The parties agree that such amount is a reasonable approximation of DIRECTV's additional damages.

DIRECTV shall also charge Circuit City back (or deduct from any other amounts payable or credited to Circuit City) a portion of the Additional Chargeback Base, multiplied by the number of DIRECTV Receivers disconnected, prorated to reflect the number of DIRECTV Receivers disconnected and the portion of the twelve (12) month period for which the DIRECTV Programming Subscription was not paid by the Qualifying Subscriber procured by Circuit City through its Retail Locations.

- (d) The foregoing does not limit DIRECTV's right to recover any unrecouped balance and DIRECTV shall have all rights and remedies available at law or in equity related thereto.
- (e) In addition to the above, DIRECTV shall have the right to chargeback any Programming Commission that was not earned by or payable to Circuit City (e.g., lease transaction without the Equipment Lease Addendum).
- STANDARD PROFESSIONAL INSTALLATION SERVICES. During the term of 8. this Interim Agreement (i.e. prior to the New Fulfillment Model Implementation Date), Circuit City shall provide professional installation services to customers for Approved Activations acquired through its Retail Locations consistent with the standard professional installation guidelines (the "SPIG") as outlined in Schedule 8 attached hereto or otherwise made available to Circuit City in an electronic format from time to time. DIRECTV reserves the right to change or amend the SPIG upon thirty (30) days prior written notice to Circuit City. Circuit City may terminate this Interim Agreement upon thirty (30) days prior written notice if any changes to the SPIG materially and adversely affect Circuit City's ability to market Consumer Offers upon terms and conditions acceptable to Circuit City in its reasonable discretion. Circuit City agrees to ensure that any installers utilized by Circuit City are properly trained, licensed and authorized to perform the installation services in connection with the DIRECTV Systems. The standard professional installation services will be provided by Circuit City to a DIRECTV subscriber without any additional costs or charges to such DIRECTV subscriber. DIRECTV will compensate Circuit City as set forth in Section 8.1 below for standard professional installation services performed in accordance with the SPIG, which amounts shall represent additional commissions for Approved Activations procured by Circuit City through its Retail Locations. DIRECTV will also reimburse Circuit City for certain equipment costs associated with a standard professional installation services performed in accordance with the SPIG as set forth in Section 8.4 below.
- 8.1 **INSTALLATION INCENTIVES.** DIRECTV will compensate Circuit City as set forth below for standard professional installation services performed and provided by Circuit City in accordance with the SPIG:
- (a) DIRECTV will pay Circuit City an installation incentive in the amount equal to One Hundred Fifty and No/100 Dollars (\$150.00) for each standard professional installation provided and performed for a DIRECTV Receiver provided by Circuit City to Qualifying Subscribers who accept the Single-Room Consumer Offer in accordance with an Approved Activation through a Retail Location under this Interim Agreement (the "Single-Room Installation Incentive"); or
- (b) DIRECTV will pay Circuit City an additional incentive in the amount equal to One Hundred Seventy-Five and No/100 Dollars (\$175.00) for standard professional installation provided and performed for a DIRECTV System unit and an additional DIRECTV Receiver (which Receiver is contemporaneously activated with the primary DIRECTV System) by Circuit City to Qualifying Subscribers who accept the Two-Room Consumer Offer in accordance with an Approved Activation through a Retail Location under this Interim Agreement (the "Two-Room Installation Incentive").

- (c) DIRECTV will pay Circuit City an additional incentive in the amount of Two Hundred and No/100 Dollars (\$200.00) for standard professional installation performed and provided for a DIRECTV System Receiver and two additional DIRECTV Receivers (which Receivers are contemporaneously activated with the primary DIRECTV System) by Circuit City to Qualifying Subscribers who accept the Three-Room Consumer Offer in accordance with an Approved Activation through a Retail Location under this Interim Agreement (the "Three-Room Installation Incentive").
- (d) DIRECTV will pay Circuit City an additional incentive in the amount of Two Hundred Twenty-Five and No/100 Dollars (\$225.00) for standard professional installation performed and provided for a DIRECTV System unit and three or more additional DIRECTV Receivers (which Receivers are contemporaneously activated with the primary DIRECTV System) by Circuit City to Qualifying Subscribers who accept the Four-Room or more Consumer Offer in accordance with an Approved Activation through a Retail Location under this Interim Agreement (the "Four-Room Installation Incentive").
- (e) For purposes of this Interim Agreement, the Single-Room Installation Incentive, the Two-Room Installation Incentive, the Three-Room Installation Incentive and the Four-Room Installation Incentive are collectively referred to as the "Installation Incentives".
- (f) Circuit City shall not earn any more than one Installation Incentive for each Qualifying Subscriber (i.e., One-Room, Two-Room, Three-Room or Four-Room.).
- 8.2 **PAYMENT TERMS.** Subject to the terms of this Interim Agreement, DIRECTV shall pay Circuit City the applicable Installation Incentives for Approved Activations by Qualifying Subscribers procured through its Retail Locations within twenty (20) business days after the end of each calendar month in which the Approved Activation occurs.
- DIRECTV CHARGEBACKS. Notwithstanding anything to the contrary 8.3 contained herein, Circuit City shall not earn the Installation Incentive under this Section 8 if the DIRECTV Receiver for which it performed and provided standard professional installation services does not activate with a DIRECTV Programming Package as required hereunder. Further, the Installation Incentives payable under this Section 8 represent additional commissions for activations of DIRECTV Receivers in connection with Approved Activations through Retail Locations during the term of this Interim Agreement and the payment for a DIRECTV Programming Package by a Subscriber each month during the initial twelve-month period from the date of such activation. In the event all or portion of an Order on which such Installation Incentive is paid under this Section 8 is canceled, terminated or disconnected in fewer than twelve (12) months, or a Subscriber fails to pay for the entire initial twelve (12) month period of a DIRECTV Programming Package, DIRECTV shall charge Circuit City back a portion of the Installation Incentive previously paid, prorated to reflect the number of DIRECTV Receivers disconnected and the portion of the twelve (12) month period for which the DIRECTV Programming Subscription was not paid by the Qualifying Subscriber. By way of example, if a Subscriber disconnects his/her DIRECTV Programming Package after the initial four (4) months, DIRECTV shall have the right to charge Circuit City back for eight twelfths (8/12) of the Installation Incentive if previously paid to Circuit City for such Subscriber, prorated according to the number of DIRECTV Receivers disconnected. If Circuit City receives any Installation Incentive to which it is not entitled hereunder, DIRECTV may chargeback such amount from sums otherwise owing to Circuit City.
- 8.4 SERVICE CALL FEES. In the event DIRECTV is compelled to make a service call or, in its reasonable judgment according to its standard business practices, decides to make a

service call relating to a standard professional installation performed by Circuit City in connection with an Approved Activation through its Retail Locations, which service call occurs within sixty (60) days of the initial activation date of the Qualifying Subscriber, DIRECTV shall have the right to charge Circuit City back One Hundred and No/100 Dollars (\$100.00) for such service call (the "Service Call Fees"). Notwithstanding the foregoing, in the event that DIRECTV reasonably determines that the service call was related to the failure or problems with the DIRECTV System, no chargeback will be assessed against Circuit City for such service call. Circuit City agrees and acknowledges that such Service Call Fees are assessed against Circuit City by DIRECTV based upon DIRECTV's reasonable determination that Circuit City has failed to perform and provide the standard professional installation services in accordance with this Interim Agreement.

- 8.5 **EQUIPMENT REIMBURSEMENT.** For standard professional installation services performed and provided by Circuit City in accordance with the SPIG, DIRECTV shall also reimburse Circuit City for the cost of certain equipment used in connection with the installation at the rates and upon the terms provided in this Section 8.5.
- (a) DIRECTV will pay Circuit City an amount equal to Forty-Six and No/100 Dollars (\$46.00) for each standard professional installation performed by Circuit City in connection with an Approved Activation through a Retail Location under this Interim Agreement as equipment reimbursement for the multiswitch required to be used in connection with such installation (the "Multiswitch Reimbursement"). DIRECTV shall pay Circuit City the Multiswitch Reimbursement if and only if Circuit City has provided DIRECTV with Qualifying Subscriber detail and installation information reasonably necessary for DIRECTV to validate and determine the use and deployment of the multiswitch.
- (b) DIRECTV will pay Circuit City an amount equal to Ten and No/100 Dollars (\$10.00) for each standard professional installation of a high definition DIRECTV Receiver performed by Circuit City in connection with an Approved Activation through a Retail Location under this Interim Agreement as equipment reimbursement for the HD dish mounting pole required to be used in connection with such high definition receiver installation (the "Mounting Pole Reimbursement"). DIRECTV shall pay Circuit City the Mounting Pole Reimbursement if and only if Circuit City has provided DIRECTV with Qualifying Subscriber detail and installation information reasonably necessary for DIRECTV to validate and determine the use and deployment of the mounting pole.
- (c) Notwithstanding Section 8.3 above relating to chargebacks of the Installation Incentive payable hereunder, neither the Multiswitch Reimbursement nor the Mounting Pole Reimbursement shall be subject to chargeback so long as Circuit City has performed the standard professional installation services in accordance with the SPIG and this Interim Agreement.
- 8.6 ADDITIONAL PROFESSIONAL INSTALLATION SERVICES. Circuit City or any person or entity engaged by Circuit City may provide and perform additional installation related services to a DIRECTV subscriber, other than standard professional installation services (i.e., complex installation services beyond that which is covered by the standard professional installation with respect to DIRECTV Systems), for commercially reasonable fees to be paid by such DIRECTV subscriber.
- 9. PROGRAMMING COMMISSIONS (FOR ORDERS THROUGH WEBSITES). Subject to the terms and conditions set forth herein, during the term of this Interim Agreement (i.e. prior to the New Fulfillment Model Implementation Date), DIRECTV shall pay Circuit City a Programming Commission in connection with a Qualifying Subscriber referred by Circuit City through transfer from